

AMENDED IN ASSEMBLY APRIL 23, 2012

AMENDED IN ASSEMBLY APRIL 9, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 2406

Introduced by Assembly Member Buchanan

February 24, 2012

An act to amend Section 1861.10 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2406, as amended, Buchanan. Insurance: rates.

Existing law, the Insurance Rate Reduction and Reform Act (enacted by Proposition 103, as approved by the voters at the November 8, 1988, statewide general election), prohibits a rate from being approved or remaining in effect which is excessive, inadequate, unfairly discriminatory, or otherwise in violation of the applicable provisions of law. Under existing law, an insurer ~~who~~ *that* wishes to change a rate is required to file a complete rate application with the Insurance Commissioner, for which there may be a hearing as prescribed. Existing law authorizes any person to initiate or intervene in any proceeding permitted or established pursuant to these provisions, to challenge actions of the commissioner, and to enforce provisions of the act.

This bill would require the Department of Insurance to post on its Internet Web site, during the period of eligibility, all requests for a finding of eligibility to seek compensation and all findings of eligibility, as defined. *The bill would also remove language declared unconstitutional by the courts and would declare that this change is declaratory of existing law.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1861.10 of the Insurance Code is
2 amended to read:

3 1861.10. Consumer Participation. (a) Any person may initiate
4 or intervene in ~~a~~ *any* proceeding permitted or established pursuant
5 to this chapter, challenge any action of the commissioner under
6 this article, and enforce a provision of this article.

7 (b) The commissioner or a court shall award reasonable
8 advocacy and witness fees and expenses to ~~a~~ *any* person who
9 demonstrates that (1) the person represents the interests of
10 consumers and (2) that he or she has made a substantial
11 contribution to the adoption of ~~an~~ *any* order, regulation, or decision
12 by the commissioner or a court. Where ~~that~~ *such* advocacy occurs
13 in response to a rate application, the award shall be paid by the
14 applicant.

15 ~~(c) (1) The commissioner shall require every insurer to enclose~~
16 ~~notices in every policy or renewal premium bill informing~~
17 ~~policyholders of the opportunity to join an independent, nonprofit~~
18 ~~corporation that shall advocate the interests of insurance consumers~~
19 ~~in any forum. This organization shall be established by an interim~~
20 ~~board of public members designated by the commissioner and~~
21 ~~operated by individuals who are democratically elected from its~~
22 ~~membership. The corporation shall proportionately reimburse~~
23 ~~insurers for additional costs incurred by insertion of the enclosure,~~
24 ~~except no postage shall be charged for an enclosure weighing less~~
25 ~~than 1/3 of an ounce. (2) The commissioner shall, by regulation,~~
26 ~~determine the content of the enclosures and other procedures~~
27 ~~necessary for implementation of this provision. The Legislature~~
28 ~~shall make no appropriation for this subdivision.~~

29 ~~(d)~~

30 (c) All requests for a finding of eligibility to seek compensation
31 and all findings of eligibility, as described in Section 2662.2 of
32 Title 10 of the California Code of Regulations, shall be published
33 on the Department of Insurance Internet Web site during the
34 eligibility period.

1 *SEC. 2. The amendment of subdivision (c) of Section 1861.10*
2 *of the Insurance Code made by this act does not constitute a change*
3 *in, but is declaratory of, existing law.*

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